

BILL # HB 2246

TITLE: TANF eligibility; family benefits

SPONSOR: Hershberger

STATUS: House Engrossed

REQUESTED BY: House

PREPARED BY: Stefan Shepherd

FISCAL ANALYSIS

Description

The bill would permit the elimination of the “benefit cap” for some children currently ineligible for Temporary Assistance for Needy Families (TANF) Cash Benefits. If TANF Cash Benefits expenditures are less than the amount appropriated, the department could authorize the increase in benefits.

Estimated Impact

JLBC Staff cannot determine the bill’s fiscal impact. The Department of Economic Security (DES) has been unable to provide an estimate of the number of children made eligible by HB 2246. Lifting the benefit cap for all 10,700 currently “benefit capped” children would annually cost about \$9.1 million. Given the eligibility criteria established by HB 2246, it is unlikely that all 10,700 children would qualify. JLBC Staff believes that, at a minimum, the 705 children under the “benefit cap” living with a nonparent relative in June 2004 could have their “benefit cap” lifted at an annual cost of \$600,000.

The bill, however, would increase TANF Cash Benefits payments only if actual expenditures for the “cash assistance budget” are less than the appropriations for the budget. This TANF surplus provision, however, would only seem to limit the cost in the first year of eligibility. In following years, the children would be part of the base budget calculation.

DES did not provide a fiscal estimate.

Analysis

Under current law, families generally cannot receive additional TANF Cash Benefits for children born ten or more months after that family has started receiving TANF Cash Benefits. The bill would eliminate this “benefit cap” for certain children if “any combination of the following” have occurred with regard to the child:

- Parents are deceased, or one parent is deceased and the other parent has abandoned the child, is or will be incarcerated for more than one year, or has remarried.
- Parents have abandoned the child, or one parent has abandoned the child and the other parent is or will be incarcerated for more than one year or has remarried.
- Parents have been or will be incarcerated for more than one year, or one parent has been or will be incarcerated for more than one year and the other parent has remarried.
- DES has removed the child from the child’s home and placed the child with a relative.
- The child is living with a nonparent relative or a permanent guardian.
- The child’s parents are married.

The current benefit cap affects about 10,700 children monthly. At \$71 in additional benefits per child per month, lifting the benefit cap for all 10,700 currently “benefit capped” children would annually cost about \$9.1 million. DES has previously reported that 705 children under the “benefit cap” are living with a nonparent relative. JLBC Staff believes these children would qualify to have their benefit cap lifted under the bill. Lifting the “benefit cap” for these 705 children would cost about \$600,000 in additional benefits.

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Analysis (Cont'd)

We do not know, however, how many married-parent and permanent-guardian “benefit cap” cases exist. In June 2004, there were a total of 537 two-parent TANF cases, but we do not know how many of those cases include “benefit-capped” children or how many of those cases involve married parents. JLBC Staff also does not know how many of the approximately 1,125 children living with a permanent guardian have siblings who are “benefit-capped.” In addition, JLBC Staff does not know how many benefit-capped children are in families where one parent is deceased, has abandoned the child, or is incarcerated while the other parent has remarried.

The bill requires DES to establish financial factors in the “cash assistance budget” that “must exist in order for the department to authorize the increase in benefits without requiring an increase” in General Fund expenditures. The bill does not define “cash assistance budget.” The definition could apply either to the TANF Cash Benefits line item or the total budget for cash benefits and administrative costs. If TANF Cash Benefits expenditures are less than the amount appropriated, the department could authorize the increase in benefits; if, however, the expenditures are greater than the amount appropriated, the department would probably not be able to authorize the increase in benefits. This provision, however, would only seem to limit the cost in the first year of eligibility. In following years, the children would be part of the base budget calculation.

Local Government Impact

None

3/28/05